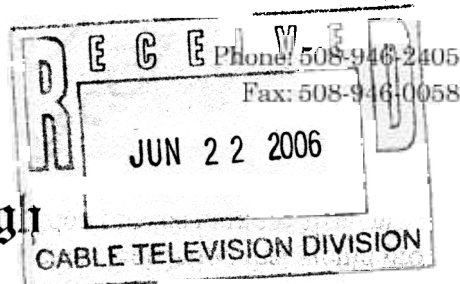


CRANBERRY CAPITAL
OF THE WORLD



Town of Middleborough
Massachusetts



June 19, 2006

Department of Telecommunications & Energy
Cable Television Division
One South Station Boston, MA. 02110.

BOARD OF SELECTMEN
Wayne C. Perkins
Lincoln D. Andrews
Adam M. Bond
Marsha L. Brunelle
Steven P. Spataro

Re: Verizon Communications, Inc. Docket Number CTV 06-1

Dear Ms. Nixon,

We recently received documentation from your office regarding the request for a hearing by Verizon to circumvent the local franchising system which is currently in place with DTE and the Commonwealth.

In our view Verizons' desire to replace local franchises with a national franchise, would mean taking oversight away from our local municipalities. We see that as very damaging for local communities like Middleboro, which is currently in the middle of reviewing and potentially implementing a dual cable contract with Verizon in the near future.

Verizon has stated publicly that it would like to see a proposed national-franchise legislation that would protect PEG channels and prevent telephone companies in particular from only offering video service in more affluent neighborhoods. We strongly disagree with such a view point.

We feel that this type of action by Verizon helps them neglect their obligations of local cable franchise agreements, which brings many benefits to communities. A non-exclusive contract between a local municipality and a cable company creates a cable franchise agreement that sets the terms by which a cable company, using public right-of-ways is allowed to make their profits. Right now the terms of our local franchising agreement include -

The rate, calculation and payment of franchise fees paid to the local government for use of the public right-of-ways

- The quantity and support of public, education, and government (PEG) access channels
- The provision of an Institutional Network (I-Net)
- Rules for using and repairing public right-of-ways
- Build-out requirements to serve all neighborhoods in the area
- Customer service standards
- Penalties for failing to fulfill the terms of the contract

Verizon contends that franchise agreements are an unreasonable barrier to their market entry, with the contention that it is too time consuming and expensive to have to negotiate unique franchise agreements for them to do business, like the cable companies did. They also contend that since they already have access to public right-of-ways for internet and telephone, they should not have to get permission or pay franchise fees to send video over their wires.

They also contend that some local franchise authorities are making unreasonable demands in order to keep them from entering the local market and competing against the established cable operators. Perhaps most importantly, they

contend that they should not be forced to provide the same service to all households in a franchise service area, and that if they are not relieved of franchising requirements this opportunity for investment, technological innovation, and competition will be lost. Again, we feel this is grossly incorrect.

Franchise Fees: Cable television franchise fees are the largest source of non-tax revenue for the towns throughout the Commonwealth. The loss of some or all of that revenue, would have a significant impact on our local government finances.

While most of the legislation introduced at the state and federal levels, except the U.S. Senate's "Digital Communications Act of 2005" (DACA), have mentioned continuation of the payment of franchise fees, the devil is in the details where there are significant revenue exclusions such as late fees, advertising revenue, new channel "launch fees," and the ability to allocate all the discounting of bundled services (video, telephone and internet services) to video, thus reducing the amount of franchise fees paid to municipalities.

PEG Access Channels: While much of the legislation has thus far also included providing a limited or "reasonable" number of PEG access channels, the financial impact of limiting financial support to decreased franchise fees could be devastating. Our current cable franchise agreements often include the payment of additional money for PEG equipment and the interconnection of PEG studios to the cable system. Franchise agreements sometimes include the provision of in-kind services, such as studio and staff, or the payment of additional money to nonprofits for operational support of PEG channels over and above franchise fees. Other PEG-related provisions of franchise agreements, such as the allocation of additional channels, the position of channels, the movement of channels, and video-on-demand placement, would all be lost if we loose our ability to negotiate with Verizon and Comcast.


I-Net and Public Safety: Middleboro's current cable franchise agreements require the construction and maintenance of one or more I-Nets: very high speed, secure networks that can connect government buildings, including fire stations, police stations and schools; libraries; utilities; and community centers. Our I-Net system allows for encrypted, high quality video conferencing, Internet access, secure telephone communications, and live programming on cable. This would be in jeopardy if the request from Verizon were considered.

Conclusion: The need for telecommunication reform in the State of Massachusetts is real. Companies like Comcast and Verizon who provide "like services" should be required to abide by the same rules, when using public right-of-ways for profit. They should be required to provide adequate compensation for that use to those communities throughout the Commonwealth.

We feel that the current push for legislation reform and the elimination of local franchising is clearly being driven by Verizons' desire to ease their entry into the very lucrative multi-channel video services market -- at the expense of public interest obligations.

The elimination of local cable television franchises would remove one of the last vestiges of power that local communities have over vital communications technology, which would reduce revenue to local governments, and jeopardize the future of local PEG access television.

Respectfully yours,
For the Middleborough Selectmen and the Permanent Cable Committee



Wayne C. Perkins, Chairman
Board of Selectmen